

Message Text

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11

ACTION TRSE-00

INFO OCT-01 EA-11 ADP-00 NEA-10 IO-12 AID-20 CIAE-00

COME-00 EB-11 FRB-02 INR-10 NSAE-00 RSC-01 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 SS-15 NSC-10

STR-08 CEA-02 L-03 H-02 PA-03 PRS-01 USIA-12 RSR-01

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FM AMEMBASSY MANILA

TO SECSTATE WASHDC 5520

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USDAB

CORRECTED COPY / TEXT

USADB

BANGKOK FOR RED

FOR NAC AGENCIES

E. O. 11652: ADS, DECLAS 11/25/73

TAGS: EFIN, EAID, XB

SUBJECT: PROPOSED ADB SUPPORT OF AIEDP

REF: (A) MANILA 2699; (B) TOKYO 4565; (C) TREASURY 9253

SUMMARY: ADB MANAGEMENT PROPOSES TO SUPPORT ASIAN INSTITUTE
FOR ECONOMIC DEVELOPMENT AND PLANNING (AIEDP) BY FINANCING
TRAINING PROGRAMS AT COST OF \$1 50,000 PER YEAR FOR NEXT
FOUR YEARS. USADB BELIEVES ADB INVOLVEMENT UNWISE PRIOR
TO DEFINING TRAINING NEEDS AND THAT ADB SHOULD CONTROL
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IT IF WERE TO BECOME INVOLVED. TO BE DISCUSSED AT BOARD MEETING THURSDAY, 31 MAY.

1. ADB DOC R42-73 , DATED 15 MAY 1973, ENTITLED " ASIAN INSTITUTE FOR ECONOMIC DEVELOPMENT AND PLANNING," POUCHED ADDRESSEES 17 MAY.

2. DOCUMENT CITES: IMPORTANCE OF AIEDP AS REGIONAL TRAINING ORGANIZATION, AIEDP GOVERNING COUNCIL' S PLAN TO STRENGTHEN ORGANIZATION AND IMPROVE PERFORMANCE, AND COMMON INTEREST OF AIEDP AND ADB IN TRAINING IN THE DEVELOPMENT FIELD.

3. PRESIDENT RECOMMENDS STRENGTHENING COOPERATION BETWEEN AIEDP AND BANK BY PROVIDING UP TO \$150,000 PER YEAR IN 1974, 1975, 1976 AND 1977 FOR ACTUAL EXPENDITURES ON TRAINING COURSES IN PROJECT PREPARATION, PROJECT EVALUATION, ETC., FOR PERSONNEL FROM LEAST DEVELOPED COUNTRIES. THIS WOULD COVER ESTIMATED COSTS OF 2-3 TRAINING COURSES OF 2 1/2 MONTHS EACH FOR 20 STUDENTS. YEARLY EXPENDITURE BY ADB WOULD BE BUDGETED ANNUALLY. ADB WOULD SIT ON AIEDP' S GOVERNING COUNCIL AS AN OBSERVER, AS UNDP HAS DONE, BUT WOULD NOT BE EXECUTING AGENCY. BANK' S ASSISTANCE WOULD BE MADE ON CONDITION THAT AIEDP OBTAIN FINANCIAL SUPPORT OF OTHER CONTRIBUTORS. BANK WOULD REVIEW SUPPORT ANNUALLY IN BUDGET PROCESS, AND MAKE ADDITIONAL CRITICAL REVIEW AT END 1976 TO ASSESS ITS OVERALL BENEFITS TO DEVELOPING MEMBER COUNTRIES.

4. PROPOSED ADB SUPPORT BASED UPON GOVERNING COUNCIL' S REVISED PLANS FOLLOWING ADB' S HESITANCE TO UNDERWRITE AIEDP (REF A) AND SINGAPORE' S WITHDRAWAL OF INVITATION TO HOST (REF B). ON MAY 10, PROFESSOR ARNDT, AUSTRALIAN ECONOMIST WHO IS MEMBER OF GOVERNING COUNCIL, OUTLINED THESE REVISED PLANS TO TEMPORARY ALTERNATE U. S. DIRECTOR, VARIOUS DIRECTORS, AND MANAGEMENT.

GOVERNING COUNCIL HOPES TO HIRE THAI ECONOMIST WHO IS FORMER GOVERNOR OF THAILAND' S CENTRAL BANK AND NOW ON CAMBRIDGE UNIV. FACULTY, AS DIRECTOR. THE TRIMMED BUDGET OF \$1.3-1.4 MILLION ASSUMES ANNUAL UNDP SUPPORT MAINTAINED AT \$400,000, GOVERNMENT CONTRIBUTIONS \$300,000, EXTRA CONTRIBUTIONS IN CASH AND KIND OF \$400,000, AND \$200-300 THOUSAND PER YEAR BY BANK AND OTHERS.

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5. IMPLICIT IN BANK DOCUMENT IS IDEA THAT ADB HAS SOME OBLIGATION TO SUPPORT AIEDP. IT IS ALSO CLEAR FROM PAPER AND TALKS WITH BANK STAFF THAT BANK HAS GIVEN ALMOST NO THOUGHT TO TRAINING WHICH IT BELIEVES SHOULD BE GIVEN TO OFFICIALS FROM MEMBER COUNTRIES; NO EVIDENCE OF DECISIONS OR PROPOSALS RE TYPE OF COURSE, WHICH MINISTRIES, WHICH COUNTRY, LEVEL OF OFFICIAL TO BE TRAINED, LENGTH OF COURSE, OR IMPACT EXPECTED.

6. FURTHER, PROPOSAL AT VARIANCE WITH SCHEME OUTLINED BY FRIEDMAN IN EXTENSIVE DISCUSSION RECENTLY WITH U. S. ALTERNATE DIRECTOR IN WASHINGTON. FRIEDMAN GAVE IMPRESSION OF GENERAL AGREEMENT BETWEEN PETERSON UNDP, OTHER UN OFFICIALS, AND ADB'S VICE PRESIDENT KRISHNA MOORTHY, THAT FEASIBLE ARRANGEMENT WOULD BE FOR ADB TO (A) PROVIDE INITIALLY \$400,000/ YEAR TO MATCH UNDP SUPPORT THROUGH 1976; (B) CONTROL AIEDP BY PROVIDING CHAIRMAN OF GOVERNING COUNCIL WITH VETO POWER; (C) ENSURE SELECTION STRONG DIRECTOR OF STATURE TO DRAW COMPETENT STAFF; AND (D) SEVER ECAFE TIE AT SOME POINT. FRIEDMAN AGREED WITH ALTERNATE DIRECTOR THAT ADB MUST FIRST ASSESS TRAINING NEEDS AND DECIDE WHETHER THIS WAY TO MEET THEM.

7. IN VIEW OF ABOVE, USADB INTENDS TO TAKE POSITION IN BOARD OF DIRECTOR DISCUSSION SCHEDULED MAY 31 THAT BANK NOT BECOME INVOLVED AS PROPOSED BECAUSE PROPOSAL MEETS ALMOST NONE OF MAJOR AIEDP SHORTCOMINGS SET OUT BY FRIEDMAN AND RAISED BY DIRECTORS AND WILL DISSIPATE ADB RESOURCES WITHOUT ANY CLEAR BENEFIT. INTEND TO INDICATE, HOWEVER, THAT U. S. WOULD SUPPORT BANK'S USE OF AIEDP WITH INITIAL LEVEL OF FINANCING AT \$400,000 AFTER ASSESSMENT OF BANK'S TRAINING NEEDS MADE IF IT DECIDED THAT REVAMPED AIEDP COULD MEET THEM, AND IF ADB HAD CHAIRMANSHIP AND CONTROL.
HAMILTON

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